

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: January 6, 2006

Subject: November 2005 Financial Report

Attached is the Monthly Financial and Operations Report for the period ending November 30, 2005.

GENERAL FUND

41 We are currently projecting a \$1.6 million deficit for the General Fund, as compared to the \$2.9 million surplus we projected last month. This is largely attributed to a decline in our overall revenue projections as opposed to a large increase in overall expenditures.

Revenue projections decreased by a net of \$3.7 million. There are several reasons for this change: Our sales tax projection is up \$3.1 million due to higher than expected collections in the first four months of the fiscal year. Projected revenues from Municipal Courts Fines and Forfeits are down by \$5.1 million because of a decrease in citations. And, we have lowered our projection for Other Fines and Forfeits by \$1.7 million due to lower than anticipated year-to-date collections.

Expenditure projections have increased by a net of \$734,000. Increased overtime and the purchase of protective gear for police officers are causing a \$6.1 million increase in projected spending at the Police Department. Helping to offset this increase is a \$5.7 million decrease in General Government expenditures. General Government spending is down due to a slowing of employee retirements and a corresponding decrease in payment of retirement benefits.

ENTERPRISE FUND

The Aviation Operating Fund, Convention and Entertainment Facilities Operating Fund and Storm Water Fund had no significant changes from last month.

The Combined Utility System Fund shows a net increase of \$5.8 million in Income Before Operating Transfers. The major factors in the increase are a \$5 million increase in Water Sales tied to the lack of rainfall and a \$1.6 million increase in Impact Fees that is due to higher than projected current year receipts. These amounts are offset by an increase of \$700,000 in Supplies Expenditures attributed to increased costs of chemicals.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

| | |
|------------------------------|-------|
| General Obligation | 15.4% |
| Combined Utility System | 19.3% |
| Aviation | 21.7% |
| Convention and Entertainment | 28.0% |

Respectfully submitted,



Annise D. Parker
City Controller